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TO RUEHC/SECSTATE WASHDC IMMEDIATE 6401  
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE  
RUEHBR/AMEMBASSY BRASILIA PRIORITY 7491  
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SUBJECT: BRAZIL-U.S. A NEW OPPORTUNITY

Editorial in O Estado de Sao Paulo (2/9) posits: President Luiz Inacio Lula da Silva has a good opportunity early in his second term, to strengthen political and economic relations between the two countries. The U.S. government took the initiative to put the subject on the table by sending Undersecretary Nicholas Burns and Assistant Secretary Thomas Shannon...In relation to Brazil, the undersecretary proposed deepening political relations on a regional and global level. According to him, there is no reason the United States cannot have the same type of privileged relationship with Brazil that it maintains with India...The undersecretary came with an outline for discussion. The development of technology for the production of biofuels is a good subject for the initial agenda...This plan already matches with the Brazilian agenda and cooperation with the United States could be productive...If the new efforts of strengthening relations between the United States and Brazil are continued, there is much room for exploration. The economic aspect involves concrete terms of great importance that have been ignored these last few years...it is time for the Brazilian government to rethink its commercial interests, putting aside, at least temporarily, the stagnated regional block [Mercosul].

McMullen